

REFERENCE TITLE: budget stabilization fund; uses

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2192

Introduced by
Representatives Biggs, Gorman, Groe, Quelland: McLain

AN ACT

AMENDING SECTION 35-144, ARIZONA REVISED STATUTES; RELATING TO THE BUDGET STABILIZATION FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 35-144, Arizona Revised Statutes, is amended to
3 read:

4 35-144. Budget stabilization fund: definitions

5 A. The budget stabilization fund is established consisting of monies
6 transferred from the state general fund pursuant to subsection B of this
7 section. The state treasurer shall administer the fund and invest and divest
8 monies in the fund as provided by sections 35-313 and 35-314.02, and monies
9 earned from investment shall be credited to the fund. Except as provided by
10 this section:

11 1. Monies in the fund are exempt from the provisions of section 35-190
12 relating to the reversion of monies to the state general fund.

13 2. The monies in the fund are separate monies to be used only for ~~the~~
14 ~~purposes of the fund~~ ESSENTIAL STATE SERVICES AS DETERMINED BY LEGISLATIVE
15 APPROPRIATION.

16 B. In a calendar year in which the annual growth rate exceeds the
17 trend growth rate, the excess growth when multiplied by total general fund
18 revenue of the fiscal year ending in the calendar year determines the amount
19 to be appropriated by the legislature to the budget stabilization fund in the
20 fiscal year in which the calendar year ends.

21 C. In a calendar year in which the annual growth rate is both less
22 than two per cent and less than the trend growth rate, the difference between
23 the annual growth rate and the trend growth rate when multiplied by the total
24 general fund revenue of the fiscal year ending in the calendar year
25 determines the amount to be transferred by the legislature from the budget
26 stabilization fund to the state general fund at the end of the fiscal year in
27 which the calendar year ends. The transfer calculated pursuant to this
28 subsection shall not exceed the available balance in the fund, nor shall the
29 legislature transfer an amount which exceeds the amount sufficient to balance
30 the general fund budget.

31 D. The legislature shall pass a bill which contains the emergency
32 clause if the legislature either:

33 1. Reduces the amount for appropriation to the budget stabilization
34 fund under subsection B of this section.

35 2. Increases the amount for transfer to the state general fund under
36 subsection C of this section.

37 E. The annual budget recommendations of the governor and the joint
38 legislative budget committee shall include estimates of appropriations or
39 transfers required under subsection B or C of this section.

40 F. A final determination of the amount to be appropriated to or
41 transferred from the budget stabilization fund shall be made using personal
42 income and price deflator estimates as reported in the second calendar
43 quarter for the preceding calendar year. The economic estimates commission
44 shall determine the annual growth rate, the trend growth rate and the
45 required appropriation to or transfer from the budget stabilization fund at

1 its first meeting following the second calendar quarter report of the United
2 States department of commerce, but not later than June 1. The commission
3 shall certify and report its findings to the governor, the state treasurer,
4 the president of the senate, the speaker of the house of representatives and
5 the joint legislative budget committee.

6 G. The appropriation calculated pursuant to subsection B of this
7 section may be included in the general appropriation bill for that fiscal
8 year. Any additional appropriation calculated pursuant to subsection F of
9 this section shall be made by separate act.

10 H. At the end of a fiscal year, the budget stabilization fund balance
11 shall not exceed ~~5.634 per cent for fiscal year 1997-1998, 6.333 per cent for~~
~~fiscal year 1998-1999 and~~ seven per cent ~~for fiscal year 1999-2000 and each~~
~~subsequent fiscal year~~ of general fund revenue for ~~each~~ THAT fiscal
14 year. Any surplus monies above the allowable ~~percentages~~ PERCENTAGE shall be
15 transferred by the state treasurer to the state general fund.

16 I. The state treasurer may temporarily divest monies in the budget
17 stabilization fund to avoid a negative cash balance in operating monies. The
18 amount divested shall not exceed the amount required to meet immediate cash
19 needs. The state treasurer may divest monies in the budget stabilization
20 fund only when the general fund has a negative cash balance.

21 J. ~~In~~ FOR THE PURPOSES OF this section:

22 1. "Adjusted personal income" means personal income minus transfer
23 payments, as reported by the United States department of commerce, bureau of
24 economic analysis, or its successor agency.

25 2. "Annual growth rate" means the percentage change in real adjusted
26 personal income in the calendar year ending during a fiscal year as compared
27 to real adjusted personal income for the preceding calendar year. The annual
28 growth rate shall be rounded to the nearest one-hundredth of one per cent.

29 3. "GDP price deflator" means the gross domestic product price
30 deflator reported by the United States department of commerce, bureau of
31 economic analysis, or its successor agency.

32 4. "Personal income" means the total personal income of all persons in
33 this state reported by the United States department of commerce, bureau of
34 economic analysis, or its successor agency.

35 5. "Real adjusted personal income" means an amount which is determined
36 by dividing adjusted personal income by the GDP price deflator and
37 multiplying the result by one hundred.

38 6. "Transfer payments" means that portion of personal income which
39 represents a government expenditure for which no service is rendered or
40 product is delivered, as determined by the United States department of
41 commerce, bureau of economic analysis, or its successor agency.

42 7. "Trend growth rate" means the average annual growth rate for the
43 most recent seven calendar years, rounded to the nearest one-hundredth of one
44 per cent.